

EXECUTIVE SUMMARY

OVERVIEW

The Department of Veterans Affairs (VA) spends almost \$6 billion each year for commodities, equipment, and services to carry out its mission to serve the Nation's veterans. To further certain socioeconomic objectives of the Nation, VA has targeted a significant percentage of its procurement budget for small businesses entitled to preferential treatment. As a result, VA procurement dollars have gone to small and disadvantaged businesses, woman-owned small businesses, minority-owned small businesses, and small businesses located in economically depressed areas. In addition, VA has been a leader in providing meaningful employment and contracting opportunities for persons with disabilities by championing procurements with Javits-Wagner-O'Day agencies.

In keeping with its mission, VA also strives to advocate for and assist veteran-owned small businesses. For example, VA championed the passage of Public Law 106-50 that set a goal of awarding 3 percent of all Government contracts to service-disabled veteran-owned small businesses. This landmark legislation established for the first time a specific goal for doing business with service-disabled veteran-owned small businesses.

Given VA's mission, this Department should lead the Federal community in providing business opportunities to small businesses owned by veterans. Secretary of Veterans Affairs Anthony J. Principi reaffirmed this principle by keeping VA's internal goal for doing business with veteran-owned small businesses at 7 percent. VA's goal for contracting with service-disabled veteran-owned small businesses remains at the 3 percent level called for in Public Law 106-50.

To date, VA's achievements in both the veteran-owned and service-disabled veteran-owned categories have been disappointing. In Fiscal Year 2002, VA awarded 3.13 percent of its contracts to veteran-owned small businesses and .61 percent to service-disabled veteran-owned small businesses. As seen in the chart below, VA has made strides in both categories over the past three years but much more needs to be done to reach VA's goals.

Percentage of VA Contracts Awarded to Veteran-Owned Small Businesses

	FY 2000	FY 2001	FY 2002
Veteran-Owned Small Businesses	2.29%	2.43%	3.13%
Service-Disabled Veteran-Owned Small Businesses	.10%	.22%	.61%

After much discussion on how to improve VA's performance in this area, VA's Deputy Assistant Secretary for Acquisition and Materiel Management and the Director, Office of Small and Disadvantaged Business Utilization, decided to co-charter an intra-agency task force. The Task Force was charged with developing specific strategies to achieve VA's goals for doing business with veteran-owned (VO) and service-disabled veteran-owned (SDVO) small businesses.

The Task Force reviewed several proposed initiatives to increase VA procurements from VO and SDVO small businesses. The Task Force met with an assembly of these firms to hear their viewpoints, experiences, and advice. The Task Force also met with the Secretary of Veterans Affairs to learn more about his perspective on this issue.

Following these consultations, the Task Force concluded that achieving VA's procurement goals for VO and SDVO small businesses requires more than a concerted effort to educate contracting officers and program officials about specific goals. VA also needs to identify and educate those VO and SDVO small businesses that can provide the goods and services VA needs. To ensure long-term viability of the VO and SDVO small business programs, fundamental changes in procurement law and preferential program policies are needed.

The Task Force established five major goals that will lead to dramatic improvements in VA's contracting with VO and SDVO small businesses:

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| <ol style="list-style-type: none">1. <i>Integrate VA's VO and SDVO small business goals into VA's acquisition planning process.</i>2. <i>Develop specific acquisition strategies for increasing awards to VO and SDVO small businesses.</i>3. <i>Develop a communications plan to inform key stakeholders of VA's commitment and plans for increasing contracting with VO and SDVO small businesses.</i>4. <i>Develop appropriate personnel performance standards and reward systems to encourage achievement of VA's VO and SDVO small business goals.</i>5. <i>Develop mechanisms to provide preferential procurement status for VO and SDVO small businesses.</i> | |
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To accomplish these goals, the Task Force developed 16 individual recommendations with specific action steps for implementation. Key recommendations are summarized below, and are detailed in subsequent sections of this report.

GOAL 1: INTEGRATE VA'S VO AND SDVO SMALL BUSINESS GOALS INTO VA'S ACQUISITION PLANNING PROCESS.

The VA health-care system is one of the largest markets in the world for medical equipment, products, and services. The recently published VA Procurement Reform Task Force Report identified many ways VA can take advantage of its market leverage and standardize its health-care commodities. Maximizing VA's market leverage will require thoughtful acquisition planning at both the national and regional levels. VA should integrate into this planning process its goals for contracting with and subcontracting to small businesses owned by veterans.

While leveraged procurements are receiving much attention at present, facility-level contracting should not be ignored. In fact, facility-level contracting will be an important ingredient in achieving the VO and SDVO program objectives, particularly as this level of contracting relates to prime contract awards.

Many supplies and services are acquired locally, and many of these procurements have the potential to provide opportunities to VO and SDVO small businesses. For example, many local acquisitions, particularly those costing less than \$2,500 and paid by credit card, can be bought directly from VO and SDVO firms without competition. VA needs to promote this practice by educating employees, especially purchase cardholders, about the importance of doing business with veterans who own small businesses. This should increase business opportunities for VO and SDVO small businesses.

VA also needs to capture data on purchases made by credit card from VO and SDVO businesses. At present, it is not possible to obtain this information. Such data are essential to measure accurately the amount of VA business going to VO and SDVO small businesses. Capturing this information will help VA reach its VO and SDVO small business goals.

To increase business opportunities for VO and SDVO small businesses, VA must be able to identify them. A comprehensive plan is needed to identify and catalogue these firms. Maintaining a database with accurate information on VO and SDVO small businesses will require a major effort nationally, regionally, and locally. Although VA does have a database at present, it contains a relatively small number of VO and SDVO small businesses. To be a valuable resource, the database needs to be expanded to include as many VO and SDVO firms as possible, and it must be updated on a regular basis.

Finally, VA needs a plan to bring together potential VO and SDVO business partners with VA contracting officers, program officials, and large business prime contractors. Advanced acquisition planning can play a key role in locating VO and SDVO small businesses and involving them in VA's acquisition processes.

GOAL 2: DEVELOP SPECIFIC ACQUISITION STRATEGIES FOR INCREASING AWARDS TO VO AND SDVO SMALL BUSINESSES.

The Task Force made several recommendations for developing acquisition strategies to increase awards to VO and SDVO small businesses. These recommendations relate to several key areas: improving market research; creating user-friendly web pages; capturing credit card purchases; and integrating VO and SDVO small business goals into VA's advanced acquisition planning.

Market research is essential to ensure the Government gets best value for the products and services it buys. Since most of the products and services VA buys are found on the commercial market, market research must be done before initiating a procurement action.

Acquisition reform has opened the door to new approaches to market research. Traditionally, the contracting officer and the contracting officer's technical representative performed the market research. Forming a team to do the market research is a newer option. This approach involves more people, gives them a better insight into industry practices and commercial offerings, and enhances their understanding of the information collected. While doing market research, procurement professionals learn about VO and SDVO small businesses that can provide the commodity or service required. Once these small businesses are identified, a capability determination can be performed during the market research phase.

GOAL 3: DEVELOP A COMMUNICATIONS PLAN TO INFORM KEY STAKEHOLDERS OF VA'S COMMITMENT AND PLANS FOR INCREASING CONTRACT AWARDS TO VO AND SDVO SMALL BUSINESSES.

Increasing contract awards to VO and SDVO small businesses will require awareness and commitment at all levels within headquarters and field facilities. Contracting offices, program offices that define procurement requirements, and leaders and managers must understand VA's contracting goals and work aggressively to achieve them. VA Under Secretaries and Assistant Secretaries should report their organization's progress in meeting these goals to the Strategic Management Council. Monitoring organizational performance in this highly visible forum will highlight VA leadership's commitment to meet these goals.

Simultaneously, VA must communicate its commitment in this area to veterans who are small business owners, and show them how to identify VA procurement requirements they can meet. An effective communications plan is essential to ensure that everyone involved in the procurement process understands VA's objectives in this area and how to reach them.

GOAL 4: DEVELOP PERSONNEL PERFORMANCE STANDARDS AND AWARD SYSTEMS.

To increase awards to VO and SDVO small businesses, VA must hold its managers accountable for reaching these goals within their contracting activity or program. At present, this is not done. As a result, there exists some confusion and finger pointing about whose responsibility it is to reach these goals.

Since VA contracting activities are decentralized, it is easy for individual contracting units to believe that other units will do what is necessary to achieve VA's overall contracting goals. VA needs to correct this perception and hold individual units responsible for their performance in achieving these goals. Statistics are maintained on individual units' performance in this area, and VA should use the data to hold offices and managers accountable.

At present, failure to meet the goals does not result in punitive action, and success is not always rewarded. Developing appropriate performance standards and award systems will correct this problem. To provide positive reinforcement, VA needs to recognize outstanding efforts by its employees and prime contractors who subcontract with VO and SDVO small businesses.

GOAL 5: DEVELOP MECHANISMS TO PROVIDE VO AND SDVO SMALL BUSINESSES PREFERENTIAL PROCUREMENT STATUS.

VA and other Government agencies must strive to meet various socioeconomic procurement goals. Even when targeted small businesses can be identified, it is often difficult to reach goals for doing business with them without a preferential procurement mechanism such as authority to set aside certain procurements for the targeted category. Given this reality, the Task Force explored options that could provide preferential treatment for VO and SDVO small businesses.

The Task Force adopted as its guiding principle a basic precept of Secretary of Veterans Affairs Anthony J. Principi: VA possesses both a unique opportunity and a unique responsibility to serve America and its veterans by expanding business opportunities for veterans who own small businesses. Based on this underlying principle, it is altogether proper and consistent with VA's mission to seek specific procurement set-aside authority for VO and SDVO small businesses.

To achieve this goal, the Task Force developed two distinct recommendations. The first applies only to SDVO small businesses. In discussions with SDVO small businesses, one owner recounted the difficulties in applying for 8(a) preferential procurement status from the Small Business Administration. Because of this particular firm's tenacity and patience, it ultimately received 8(a) status and reaped the benefits of expanded business opportunities.

Other SDVO small businesses can also benefit from 8(a) certification but are reluctant to engage in what can be a time-consuming and bureaucratic process. The Task Force believes that 8(a) certification should be available and easily accessible to all SDVO small businesses that wish to take advantage of it. To accomplish this, the Task Force recommends that VA initiate action to designate SDVO small businesses 8(a) status as a category of small business, thereby eliminating the need for every SDVO small business to justify its eligibility individually.

It is important to note that some SDVO small businesses have expressed objections to being categorized in this manner. The Task Force respects this position and emphasizes that the decision to obtain 8(a) status would be up to the individual SDVO firm; only those that wanted the 8 (a) certification would receive it.

Since this initiative will require the Administration's endorsement and possibly a legislative change, it is a long-range goal that will require planning and perseverance. However, it is a goal well worth pursuing. Achieving it will give VA and our Nation a new way to honor service-disabled veterans and support their small businesses.

The second recommendation holds potential to benefit all VO small businesses that offer products and services VA needs. To expand business opportunities for these firms, the Task Force proposes that VA seek authority to give all VO small businesses the same preference now given to small businesses located in a designated geographic area. This recommendation would apply only to VA procurements. If granted this legislative authority, VA contracting officers could set aside certain procurements for VO or SDVO small businesses.

Implementing both recommendations will help VA achieve its VO and SDVO small business goals. More importantly, these recommendations offer VA a way to improve service to America's veterans.

CONCLUSION

In summary, the Task Force proposes a comprehensive set of recommendations that will help increase VA acquisitions from small businesses owned by veterans. Collectively, these recommendations offer a solid foundation to improve VA's efforts in this area. Bold action is necessary if VA hopes to reach its goals for doing business with VO and SDVO small businesses. Successfully implementing these recommendations will strengthen VA's ability to carry out its mission of serving the Nation's veterans.

➤ GOAL 1

INTEGRATE VA'S VO AND SDVO SMALL BUSINESS GOALS INTO VA'S ACQUISITION PLANNING PROCESS.

A comprehensive database of VO and SDVO small businesses is evolving. The Center for Veterans Enterprise in the Office of Small and Disadvantaged Business Utilization is making a concerted attempt to populate such a database. Making it a useful tool will require additional efforts by contracting officers and program officials throughout VA. The database will need to be configured in such a way that VA contracting officers can easily access it.

Just as importantly, VA needs to develop a process to identify contracting requirements that VO and SDVO businesses have the potential to fill. Finally, VA must develop and implement a concerted and consistent approach to introduce potential VO and SDVO small business partners to those procurement opportunities.

ASSESSMENT

VA purchases almost \$6 billion each year in equipment, commodities, and services needed to carry out its mission. Recently, the Secretary of Veterans Affairs approved all 63 recommendations of the Procurement Reform Task Force, fundamentally altering the manner in which VA acquires goods. As a result, VA now has in place an established contracting hierarchy, with national contracting and standardization at the pinnacle.

The VO and SDVO Small Business Task Force integrated its goals within the overarching recommendations and strategies developed by the Procurement Reform Task Force. In keeping with this approach, the VO and SDVO Small Business Task Force recommends processes and procedures to incorporate VA's VO and SDVO small business goals into every level of VA acquisition planning.

A concurrent need exists to quickly and accurately populate the VO and SDVO database with firms that can provide the commodities and services VA needs. To accomplish this, VA needs to involve field personnel in the identification process. VA also needs to request assistance from veterans service organizations to help get the word out in various forums to veterans who own small businesses. Since the VO and SDVO small business program is new, many firms may not know they are eligible or that VA wants to do business with them.

Lastly, VA must provide a "marketplace" to bring together VO and SDVO small businesses and the VA offices that need goods and services. To succeed, special efforts must be made to involve VA purchase cardholders and enlist their support. VA also needs to connect VO and SDVO small businesses to VA's large business partners with subcontracting opportunities.

RECOMMENDATIONS

The Task Force recommends comprehensive strategies to identify VO and SDVO small businesses that can provide commodities and services VA needs; identify discrete purchasing requirements in VA; and bring together these firms and VA's requirements.

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- 1.1 Identify VO and SDVO small businesses that provide products and services, which could be used in VA.**
 - 1.2 Identify potential VA procurement opportunities for VO and SDVO small businesses.**
 - 1.3 Bring together in the VA marketplace VO and SDVO small businesses and VA requirements.**
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Recommendation 1.1: Identify VO and SDVO small businesses that provide products and services which could be used in VA.

VA has specific buying requirements, most of which are goods and services needed to operate medical facilities. While there are large numbers of VO and SDVO firms in the commercial marketplace, firms that provide the types of goods or services VA needs are limited. Consequently, VA must aggressively search for and locate those VO and SDVO small businesses that market the types of goods and services VA needs.

One of the VO firms interviewed by the Task Force stressed that VA should concentrate on finding VO firms in the specialty areas where it currently does business. VO and SDVO firms are listed in several databases, including the Department of Defense's Central Contractor Registration and the Small Business Administration's PRO-Net. These sites will serve as resources for developing a VA-specific database targeted toward the types of goods and services VA needs.

Recommendation 1.2: Identify potential VA procurement opportunities for VO and SDVO small businesses.

Procurement planning is key to increasing acquisitions from VO and SDVO small businesses. Planning and market research can identify and eliminate barriers to these small businesses and help identify those that provide goods and services VA needs. If planning and market research indicate few opportunities in particular acquisitions for prime contract awards to VO and SDVO small businesses, then VA can focus efforts on increasing subcontracts to VO and SDVO small businesses.

Recommendation 1.3: Bring together in the VA marketplace VO and SDVO small businesses and VA requirements.

Lack of communication hinders VA's ability to find and contract with VO and SDVO small businesses. At present, many VA staff and contracting officers do not know which firms are VO or SDVO. To complicate this situation, many of these firms do not know what VA's needs are. VA needs a means to match VA procurement plans with the VO and SDVO small businesses capable of providing the goods and services required. This same mechanism can also be used to match prime contractor requirements with VO and SDVO firms.

CONCLUSION

In summary, improving efforts in the areas of acquisition planning, marketing, and outreach will help significantly in meeting VA's goals for doing business with VO and SDVO small businesses.

➤ GOAL 2

DEVELOP SPECIFIC ACQUISITION STRATEGIES FOR INCREASING AWARDS TO VO AND SDVO SMALL BUSINESSES

Representatives from several VO and SDVO small businesses briefed the Task Force and Secretary Principi on the difficulties involved in using the various VA websites to seek business opportunities. These representatives stressed the need to provide proper links for entering solicitations and related amendments. They expressed frustration about the inability to access all documents related to a particular solicitation. For example, an initial solicitation is entered into VA's Business Opportunity System (BOS) or FEDBIZOPPS, but a different website must be used to access any related amendments.

The representatives also expressed concern about the number of pages they had to navigate on VA's website to access VA business opportunities. To improve access, VA needs to establish a "hot link" to business opportunities from its main web page. Such a link will provide small businesses fast and easy access to this information.

In accordance with the Federal Acquisition Regulation, Government credit cards are used to purchase certain supplies and services. This saves the Government time, money and resources. At the present time, a significant percentage of VA's purchases are made by credit card. Unfortunately, it is difficult to determine the percentage of credit card purchases from VO and SDVO small businesses. The Task Force discussed possible solutions to capture this information.

VA's Procurement Reform Task Force Report of May 2002 recommended establishing a VHA Acquisition Board to "develop and implement effective acquisition strategies . . ."

and to "work with the Office of Small and Disadvantaged Business Utilization to establish and achieve socioeconomic goals." The Task Force also recommended creating a Business Oversight Board as a subcommittee of the VA Strategic Management Council. Following the Secretary's approval of the recommendations, both Boards were established.

The Business Oversight Board assesses, analyzes and monitors critical business functions, including procurement activities, across the Department. VHA acquisition planning will be subject to in-depth reviews to ensure that strategic measures are in place to meet VA acquisition priorities. These include maximizing contracts with VO and SDVO small businesses on an ongoing basis. As part of its charter, the Business Oversight Board will review these measures and related activities of other VA components to ensure effective strategies are in place to increase VA's contracting with VO and SDVO small businesses.

CONCLUSION

The Task Force proposes practical recommendations to increase business opportunities for VO and SDVO small businesses with VA. Successful implementation of these recommendations will help VA improve service to veterans and set the pace for Government agencies in enhancing procurement opportunities for VO and SDVO small businesses.

RECOMMENDATIONS

The Task Force proposes several recommendations to increase VA business opportunities for VO and SDVO small businesses.

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- 2.1 Require a proactive team approach to market research for VO and SDVO small businesses. Ask VO and SDVO small businesses for information on their product lines and services as well as their technical and financial capabilities.**
 - 2.2 Create a special user-friendly web page in BOS, to inform the VA acquisition workforce about VO and SDVO small businesses identified through market research.**
 - 2.3 Set up a system to capture VA credit card purchases from VO and SDVO small businesses.**
 - 2.4 Improve the advanced procurement planning process to ensure effective strategies are in place to achieve VA's VO and SDVO small business goals.**
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Recommendation 2.1: Encourage a proactive team approach to market research for VO and SDVO small businesses. Ask VO and SDVO small businesses to provide information on their product lines and services, as well as their technical and financial capabilities.

The Task Force recommends stressing the importance of teamwork to contracting officers and program officers during the market research phase. VA must require the market research team to aggressively seek VO and SDVO small businesses and document these efforts by using one or more of the following methods as appropriate:

- Enter a synopsis of requirements in BOS and FEDBIZOPPS as “sources sought” with a 5-day suspense;
- Plan an Industry Day conference;
- Contact the Small Business Administration’s Office of Veterans Business Development; and/or
- Use PRO-Net.

The Task Force also recommends reviewing any available information on past performance of potential VO and SDVO vendors in VA, Government-wide, and/or commercial databases. References should be contacted.

Recommendation 2.2: Create a special user-friendly web page in BOS, to inform the VA acquisition workforce about the VO and SDVO small businesses identified through market research.

A special user-friendly web page should be created in BOS, with a prominently displayed link on the VA Internet home page. This web page will communicate information about VO businesses that are potential sources and provide interested sources fast access to these solicitations.

Recommendation 2.3: Set up a system to capture VA credit card purchases from VO and SDVO small businesses

VA should partner with GSA to capture data on VO and SDVO small businesses through the SmartPay program. The existing contract should be modified to require credit card companies to request information identifying businesses as VO or SDVO small businesses. VA will communicate this new requirement to VO and SDVO small businesses by requesting an update to their existing vendor profiles. This can be done by posting the requirement on the VA web page or by including the new requirement on the vendors’ monthly credit card statements. Companies identified as VA vendors through this process will be added to the VA database of VO and SDVO small businesses. This information will then be available to the entire VA acquisition community.

Recommendation 2.4: Improve advanced procurement planning.

As recommended by the Procurement Reform Task Force, VA established a Business Oversight Board as a subcommittee of the VA Strategic Management Council. This Board assesses, analyzes and monitors critical business functions, including procurement activities, across the Department.

To get the message out to VA employees nationwide, a variety of internal communications vehicles should be used. These include VA's national employee magazine *Vanguard*, VA's weekly televised news program "VA News," and employee leave and earnings statements. To ensure effective communication, it will be necessary to repeat and reinforce messages in a variety of media. The VHA Acquisition Board sets acquisition priorities consistent with Departmental goals and objectives; develops advanced procurement plans; and reviews, approves and coordinates implementation of VHA acquisition activities. This Board is also responsible for reviewing acquisition policies and the education and training program as well as overseeing the standardization process. This will ensure that strategic socioeconomic goals are set for the standardization process and that contracting staffs receive the guidance and training they need to effectively implement associated strategies.

The Acquisition Board's charter provides a structure for developing, implementing and promoting effective acquisition strategies, including increasing the level of contracting with VO and SDVO small businesses. The Business Oversight Board will review these measures and comparable activities of other VA components to ensure that effective strategies are in place to increase VA's contracting with VO and SDVO small businesses.

CONCLUSION

In conclusion, the Task Force recommends a practical approach to expanding VA's vast business opportunities for VO and SDVO small businesses. The Task Force believes these recommendations will help VA improve service to veterans who own small businesses. Expanding business opportunities for veterans benefits VA, the veterans we serve, and our Nation.

➤ GOAL 3

DEVELOP A COMMUNICATIONS PLAN TO INFORM KEY STAKEHOLDERS OF VA'S COMMITMENT AND PLANS FOR INCREASING CONTRACT AWARDS TO VO AND SDVO SMALL BUSINESSES.

The Task Force concluded that a comprehensive communications plan is essential to increase contract awards to VO and SDVO small businesses. The program and its objectives must be communicated to a wide array of audiences, including VA managers,

VA contracting officers, VO and SDVO small businesses, large-business prime contractors, various veteran groups and the U.S. Congress.

ASSESSMENT

The first step in formulating an effective communications plan is to define the message. In this case, the message is that VA is committed to increasing the level of contract and subcontract awards to VO and SDVO small businesses. In VA, the target is 3 percent of total procurement dollars for SDVO small businesses and 7 percent for VO small businesses. VA's recent performance in awarding contracts to VO and SDVO small businesses has been disappointing; however, the Task Force has developed a proactive improvement plan to correct that problem. Secretary Principi and Deputy Secretary Mackay are firmly committed to meeting the Department's goals in this area and intend to closely monitor VA's progress in individual organizations and in VA overall.

The second step in formulating a communications plan is to define the target audiences who need to hear the message. Specific internal target audiences for this particular message include VA offices and staff with procurement requirements (program and project managers); VA senior leadership (the Strategic Management Council); all VA contracting offices and procurement personnel; VA field managers and leaders; and VA employees nationwide.

Specific external audiences to target include VO and SDVO small businesses; veterans service organizations; large VA contractors with potential subcontracting opportunities for VO and SDVO small businesses; the Small Business Administration; the U.S. Congress; and procurement offices in the Department of Defense, the U.S. Coast Guard and other Government agencies to help identify capable and experienced VO and SDVO small businesses.

The third step in formulating a communications plan is to define specific methods to communicate the message. For example, speeches by VA senior leadership (the Secretary, Deputy Secretary, Under Secretaries for Health, Benefits, and Memorial Affairs), Veterans Integrated Service Network and Regional Office directors, and other leaders can be a visible and effective means to reach certain audiences.

Fact sheets and question and answer sheets with frequently asked questions and points of contact are also useful, particularly for small business owners. News releases can generate publicity that will help get the word out to some target audiences. In some cases, it may be appropriate to include VA's contracting commitment to VO and SDVO small businesses in prepared Congressional testimony. This may include authorization and appropriation committees as well as confirmation hearings.

A VA-wide directive will be helpful in educating contracting offices and staff and programmatic and technical employees about VA's small business procurement goals and related policies. This same information should be communicated to VO and SDVO small businesses and other interested parties. Examples include the Department of

Labor, which oversees hiring programs for veterans, state and local Governments that operate departments of veterans affairs or centers for veterans, and business development organizations.

Follow-up will also be important. For example, the September/October 2002 issue of *Vanguard* published an article entitled "Secretary Seeks Advice of Disabled Veteran Entrepreneurs." Efforts should be made to use this same forum to update employees on VA's progress in meeting its procurement goals and publicize noteworthy achievements.

Implementing this goal successfully will require close collaboration with VA's Office of Public Affairs, which plays a key role in communicating with certain target audiences. This Office can write news releases and pitch stories to media about what VA is doing to increase contracting with VO and SDVO businesses. Specific business and financial publications to consider for stories related to VO and SDVO small businesses may include *The Wall Street Journal*, *Business Week*, *Forbes*, and *Investors Business Daily*, which have demonstrated an interest in VA issues.

RECOMMENDATIONS

- 3.1 Develop and implement a comprehensive communications plan to ensure awareness of VA's procurement goals for VO and SDVO small businesses at all levels of VA.**
 - 3.2 Ensure that veterans service organizations and the VO small business community are aware of VA procurement goals for VO and SDVO small businesses.**
 - 3.3 Ensure that VA senior leadership periodically review progress in meeting VO and SDVO small business goals.**
 - 3.4 Provide easy access to procurement information of interest to VO and SDVO small businesses on VA's website. Include points of contact for VA procurements and programs.**
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Recommendation 3.1: Develop and implement a comprehensive communications plan to ensure awareness of VA's procurement goals for VO and SDVO small businesses at all levels of VA.

Effective communication requires consistent and repeated messages. A single message is not sufficient. VA needs a full-blown campaign plan with goals, schedules, milestones, and predetermined methodologies to evaluate outcomes. To accomplish this, VA must have the infrastructure in place to manage the campaign, coordinate

issues, respond to inquiries, facilitate the process, and address concerns of VO and SDVO small businesses.

Recommendation 3.2: Ensure that veterans service organizations and the VO business community are aware of VA procurement goals for VO and SDVO small businesses.

Letters to large VA prime contractors and veterans service organizations can communicate the importance of this issue to VA and its senior leadership. VA could advertise or try to place articles in various newsletters and magazines published by veterans service organizations such as the American Legion, the Disabled American Veterans, and Veterans of Foreign Wars. VA should also ask veterans service organizations to include on their web pages information helpful to veterans who own small businesses.

For large solicitations, VA should direct contracting offices to include proposed subcontract awards to VO and SDVO small businesses in the solicitation evaluation criteria (Solicitation Section L). This is one of the most effective ways that VA can communicate to large businesses its commitment to VO and SDVO small businesses. Increasing the level of subcontract awards to VO and SDVO small businesses will help them get the expertise and past performance record they need to compete alone for VA prime contract awards.

Recommendation 3.3: Ensure that VA senior leadership periodically reviews progress in meeting VA's VO and SDVO small business goals.

To ensure continued visibility and long-term success, top VA leadership must oversee VA's progress toward reaching VA's VO and SDVO small business goals. The Office of Small and Disadvantaged Business Utilization should brief the Strategic Management Council quarterly and provide periodic reports to the Secretary. All members of the Strategic Management Council should receive copies of these reports.

Recommendation 3.4: Provide easy access to procurement information of interest to VO and SDVO small businesses on VA's website. Include points of contact for VA procurements and programs.

VA should establish a VO small business "hot link" on the VA website. This link should provide the following elements:

1. The Who, What, Where, When, and Why of VA's commitment to VO small businesses;
2. A link for VO and SDVO small businesses to register for VA's database of these firms;
3. A link for VO and SDVO small businesses to provide feedback to VA on issues, concerns, and ideas;

4. A summary of VA's procurement plans and upcoming requirements; and,
5. A list of all VA procurement offices and small business advocates.

The following item from VA's Intranet News of October 30, 2002, illustrates the potential power of such a link in generating customer contacts:

HEY VA! HAVE YOU HEARD?

The VA Learning Catalog is a big hit with VA employees – more than a million hits! From January to September VA learners visited the VA intranet site more than 1 million times twenty-four hours a day, seven days a week. The VA Learning Catalog is revolutionizing the way employees obtain information about services, products, broadcasts, learning courses, and other material.

Click on <http://vaww.sites.lrn.va.gov/VACatalog/> and browse courses from the Veterans Benefits Administration, Office of General Counsel, Office of Public Affairs, and the Office of Human Resources Management. Others are being added every day. Satellite broadcasts from Training Systems Network (TSN) covering professional development, leadership, supervisory, and business skills training have just been added to the VA Knowledge Network schedule. To find these broadcasts, type TSN in the search box on the VA Learning. Catalog.

➤ GOAL 4

DEVELOP PERSONNEL PERFORMANCE STANDARDS AND AWARD SYSTEMS.

To increase VA awards to VO and SDVO small businesses, VA must hold its officials accountable for meeting Departmental procurement goals in their contracting activity or the program they oversee. VA goals for contracting with VO and SDVO small businesses should be part of the performance standards for every VA employee with contracting authority. This same standard should also apply to program managers and staff who take part in the procurement process, since they are often deeply involved in developing the procurement strategy.

VA also needs to provide positive reinforcement to VA offices and individuals for extraordinary efforts and outstanding results. The Task Force recommends establishing an awards program to highlight successes and publicize best practices. Awards should include acknowledgment from the Secretary as well as a monetary component.

RECOMMENDATIONS

- 4.1 Incorporate VA's goals for VO and SDVO small businesses into the performance plans of executives, managers, and staff who have contracting authority or take part in procurement actions or oversee employees engaged in either of these activities.**
 - 4.2 To monitor subcontracting plans, require an annual report from VA contracting activities that award Federal Supply Schedule contracts, national contracts, VISN contracts or facility open-market contracts.**
 - 4.3 Establish an awards program to honor individuals, offices, and contractors for extraordinary efforts and positive outcomes in achieving VA's VO and SDVO small business goals.**
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Recommendation 4.1: Incorporate VA's goals for VO and SDVO small businesses into the performance plans of executives, managers, and staff who have contracting authority or take part in procurement actions or oversee employees engaged in either of these activities.

VA Under Secretaries and Assistant Secretaries will notify appropriate officials in their organizations to include VA's annual goals for contacting with VO and SDVO small businesses in their performance plans. These officials will then do the same for all appropriate personnel reporting to them, making those individuals aware of the goals and their responsibilities for meeting them.

Recommendation 4.2: To monitor subcontracting plans, require an annual report from all VA contracting activities that award FSS, national contracts, VISN Contracts or facility open-market contracts.

The Task Force believes that significant subcontracting opportunities exist for VO and SDVO small businesses new to the Federal marketplace. To help these firms reap this benefit, VA needs to monitor its contracts with subcontracting opportunities. The best way to ensure actual awards is to establish ambitious subcontracting plans with the prime contractor and carefully monitor achievement.

Recommendation 4.3: Establish an awards program to honor individuals, offices, and contractors for extraordinary efforts and positive outcomes in achieving VA's VO and SDVO small business goals.

VA should create an awards program to recognize VA employees who far exceed job expectations in helping VO and SDVO small businesses obtain VA contracts. Nominations may come from fellow employees and/or supervisors. The Office of Small

and Disadvantaged Business Utilization and the Office of Acquisition and Materiel Management should review nominations jointly and select award recipients.

The Task Force also proposes another type of employee award, given to employees who identify the highest number of VO and SDVO small businesses and enter them into VA's database. Both types of employee awards are needed to help VA reach its VO and SDVO small business goals.

Since subcontracting provides such significant opportunities for VO and SDVO small businesses, VA should establish an awards program for prime contractors who excel in subcontracting to VO and SDVO small businesses. Such an award will provide positive reinforcement to prime contractors who do well in this area and encourage others to improve.

GOAL 5

DEVELOP MECHANISMS TO PROVIDE VO AND SDVO SMALL BUSINESSES PREFERENTIAL PROCUREMENT STATUS.

The Task Force's first four recommendations provide a blueprint for identifying VO and SDVO small businesses; communicating with them about potential VA business opportunities; and providing information and incentives to encourage VA program managers and contracting officers to include VO and SDVO small businesses in contracting opportunities. Such actions are essential to increase VA's contracting with VO and SDVO small businesses. However, if VA intends to reach its goals in this area, still more must be done. Significantly expanding business opportunities for VO and SDVO small businesses requires decisive leadership and innovative action.

Contracting officers need a contracting mechanism or tool that allows them to provide a specific preference for VO and SDVO small businesses. The Task Force purposely made this the last goal for two reasons: First, this goal is not intrinsically tied to the other four goals; therefore, a delay or even failure to implement it will not impede progress toward any other goal. Secondly, this goal will require considerable time and attention at high levels and presumably take longer to achieve. **NONETHELESS**, VA should pursue this goal. VO and SDVO small businesses deserve the permanent and unique competitive advantage that this goal seeks to bestow.

To achieve this goal, the Task Force developed two distinct recommendations. The first concerns only SDVO small businesses while the second applies to all VO businesses, and thus includes SDVO small businesses.

ASSESSMENT

Many of the current small business goal categories are a "best efforts" process. This means that contracting officers must make "best efforts" to seek out targeted groups to

compete for contracts but cannot set aside specific procurement actions for them. This process can cause frustration among contracting officers and VO and SDVO small businesses, since "best efforts" alone may not result in an award to a VO or SDVO firm.

The ability to set aside certain procurements for a particular small business category offers a powerful tool to achieve the Nation's socioeconomic objectives. Under the Small Business Administration's 8 (a) set-aside program, a contracting office can reserve a contract for a specific qualifying 8(a) firm or for competition between qualifying 8(a) firms.

The small business set-aside authority offers another option. The Task Force believes that similar preferential treatment programs for VO and SDVO small businesses are not only appropriate but essential if VA intends to achieve the contracting goals established by statute and the Secretary of Veterans Affairs.

RECOMMENDATIONS

The Task Force offers two distinct recommendations. The first will provide SDVO small businesses with preferential standing under the SBA 8(a) program; the second would establish a new set-aside program within VA for all VO firms. The Task Force firmly believes that preferential designations are appropriate and necessary to ensure that VO small businesses share in procurement opportunities in the Federal Government in general and VA specifically.

5.1 Obtain 8(a) designation for SDVO small businesses from the Small Business Administration.

5.2 Obtain statutory revision to Title 38 U.S.C. that gives VA set-aside authority for VO small businesses.

Recommendation 5.1. Obtain 8(a) designation for SDVO small businesses from the Small Business Administration.

Implementing this recommendation will provide a set-aside tool that every Federal department and agency can use to increase business opportunities for SDVO small businesses. It is both appropriate and effective to make such a tool available to the entire Federal community. As required by statute, every Federal department and agency must strive to award 3 percent of its contract dollars to SDVO small businesses. Granting SDVO small businesses 8(a) status should have a profound impact Government-wide and surely help other Government agencies improve their performance in awarding contracts to SDVO small businesses.

Section 8(a) designation under the Small Business Act categorizes specific groups as being presumed to be “socially or economically disadvantaged.” This designation entitles those who own and control small businesses to preferential procurement opportunities. Available to all Federal contracting entities, the 8(a) set-aside program has been used effectively through the years to ensure a fair portion of Federal contracts for firms entitled to a designated preference.

The Task Force understands that some SDVO small business firms and some of their support groups oppose 8(a) designation for themselves. The Task Force respects this position and emphasizes that the decision to seek this status is up to each individual SDVO small business. If this recommendation is implemented, all SDVO small businesses will be presumed eligible for this category, but each SDVO small business must still apply for this designation.

Obtaining 8(a) status for SDVO small businesses will take time, effort, and involvement of VA’s senior leadership. The Task Force believes the Administrator of the Small Business Administration has the authority to grant 8(a) eligibility to SDVO small businesses. However, there may be a reluctance to do so without the support of the Office of Management and Budget and the Administration. Enlisting their endorsement will require lobbying by top-level VA executives.

What VA finds self-evident may require considerable persuasion for others to accept: Men and women who incurred disability while serving in our Nation’s Armed Forces should be entitled to preferential treatment. As a direct result of their service-disabled disabilities, they suffer an inherent economic and social disadvantage compared to those who did not make such a sacrifice.

Recommendation 5.2: Obtain statutory revision to Title 38 U.S.C. that gives VA set-aside authority for VO small businesses.

If VA intends to reach its ambitious internal 7 percent goal for doing business with VO small businesses, VA contracting officers must have a specific tool to provide a preference for these small businesses. Therefore, the Task Force recommends that VA seek specific statutory authority in Title 38 to authorize setting aside appropriate procurement actions for exclusive competition between qualified VO firms. This authority would be limited to VA procurements where there are expectations that at least two qualified VO small businesses can compete.

Implementing this goal will involve development of a legislative package, approval of the Administration and the Office of Management and Budget, and sponsorship in Congress. While this can be a long process, it is well worth the effort. After all, VA has a unique responsibility to serve our Nation’s veterans. Given our special mission, it is altogether fitting that VA take a leadership role in expanding business opportunities for entrepreneurs who served in the U.S. Armed Forces.

SUMMARY OF RECOMMENDATIONS AND ACTION STEPS

GOAL 1: Integrate VA's VO and SDVO Small Business Goals into VA's Acquisition Planning Process.

RECOMMENDATION	ACTION STEPS	RESP. ORG.
1.1 Identify VO and SDVO small businesses that provide products and services that could be used in VA.	Clearly identify categories of supplies, services, and equipment commonly used by VA.	OA&MM
	Review all available databases that identify VO and SDVO businesses and compile the information in a usable format.	OSDBU (CVE)
	Obtain additional information on VO and SDVO small businesses from field contracting offices, veterans service organizations (VSO), and vendor and private organizations.	OSDBU (CVE)/ OA&MM
1.2 Identify potential VA procurement opportunities for VO and SDVO small businesses.	Ensure that VHA field contracting activities submit all required procurement plans.	VHA Acquisition Board
	Identify major acquisitions for which subcontracting plans are required. Make subcontracting to VO and SDVO small businesses an evaluation factor for negotiated acquisitions and an emphasis in all other acquisitions.	VHA Acquisition Board/OA&MM
1.3 Bring together in the VA marketplace VO and SDVO small businesses and VA requirements.	Develop an automated mechanism to match procurement plans with VO and SDVO small businesses that provide the product or service needed.	OSDBU (CVE)/ OA&MM
	Develop local and national plans for introducing VA large business vendors to VO and SDVO small businesses that can subcontract.	OSDBU (CVE)
	Monitor progress toward desired outcomes.	OSDBU (CVE)

GOAL 2: Develop Specific Acquisition Strategies for Increasing Awards to VO and SDVO Small Businesses.

RECOMMENDATION	ACTION STEPS	RESP. ORG.
2.1 Require a proactive team approach to market research for VO and SDVO small businesses. Ask VO and SDVO small businesses for information on their product lines and services as well as their technical and financial capabilities.	Stress to contracting officers and program officials the importance of team approach for conducting market research. Aggressively seek VO and SDVO small businesses and conduct capability determinations.	OA&MM/OSDBU (CVE)

GOAL 2: Develop Specific Acquisition Strategies for Increasing Awards to VO and SDVO Small Businesses.

RECOMMENDATION	ACTION STEPS	RESP. ORG.
2.2 Create a special user-friendly web page in BOS, to inform the VA acquisition workforce about VO and SDVO small businesses identified through market research.	Create a special user-friendly web page in BOS and inform VA acquisition workforce of its existence and purpose.	OA&MM/OSDBU (CVE)
2.3 Set up a system to capture VA credit card purchases from VO and SDVO small businesses.	Partner with GSA to capture data on VO and SDVO small businesses through the SmartPay program.	OA&MM/OSDBU (CVE)
2.4 Improve the advanced procurement planning process to ensure effective strategies are in place to achieve VA's VO and SDVO small business goals.	Set acquisition priorities consistent with VA's goals and objectives. Develop advanced procurement plans. Review, approve, and coordinate implementation of VHA acquisition activities.	VHA Acquisition Board

GOAL 3: Develop a Communications Plan to Inform Key Stakeholders of VA's Commitment and Plans for Increasing Contracting with VO and SDVO Small Businesses.

RECOMMENDATION	ACTION STEPS	RESP. ORG.
3.1 Develop and implement a comprehensive communications plan to ensure awareness of VA's procurement goals for VO and SDVO small businesses at all levels of the VA organization.	Consult with appropriate individuals and organizations.	OSDBU (CVE)/ OA&MM
	Develop a draft communications plan that includes implementation and follow-up plans. Circulate for comments and concurrence.	OSDBU (CVE)/ OPA
	Obtain the Secretary's signature and distribute the communications plan.	OSDBU (CVE)
3.2 Ensure that VSOs and the VO small business community are aware of VA procurement goals for VO and SDVO small businesses.	Communicate with VSOs and enlist their support.	OSDBU (CVE)/ SA to the Secretary for VSO Liaison
	Write a letter on this subject to VA prime vendors. Have VA contracting officers insert the letter with appropriate notices of award.	OA&MM
	Develop VA directive and solicitation language that includes proposed subcontract awards to VO and SDVO small businesses in the evaluation criteria for solicitations.	OA&MM
	Develop news releases and articles about VA's VO and SDVO small business initiatives. Target VSO and business, financial, and Government publications.	OPA/OSDBU (CVE)

GOAL 3: Develop a Communications Plan to Inform Key Stakeholders of VA's Commitment and Plans for Increasing Contracting with VO and SDVO Small Businesses.

RECOMMENDATION	ACTION STEPS	RESP. ORG.
3.3 Ensure that VA senior leadership periodically reviews progress in meeting VO and SDVO small business goals.	Brief the Strategic Management Council quarterly and provide periodic reports to the Secretary.	OSDBU (CVE)
	Include progress toward VO and SDVO goals in organizations' reports to the Business Oversight Board.	OSDBU (CVE)
	Include progress toward VO and SDVO goals in reports to the VHA Acquisition Board.	OSDBU (CVE)
3.4 Provide easy access to procurement information of interest to VO and SDVO small businesses on VA's website. Include points of contact for VA procurements and programs.	Establish a hot link on VA's website to connect VO and SDVO small businesses to a special web page designed for them. Include the following information on the web page: <ul style="list-style-type: none"> a summary of VA procurement plans and upcoming requirements; a list of VA procurement offices and small business advocates; a link to register for VA's database of VO and SDVO small businesses; and, a link to communicate issues, concerns, and ideas to VA. 	OSDBU (CVE)/ OA&MM/CIO

Goal 4: Develop Appropriate Personnel Performance Standards and Reward Systems to Encourage Achievement of VA's VO and SDVO Small Business Goals.

RECOMMENDATION	ACTION STEPS	RESP. ORG.
4.1 Incorporate VA's goals for VO and SDVO small businesses into the performance plans of executives, managers, and staff who have contracting authority or take part in procurement actions or oversee employees engaged in these activities.	Add responsibility for meeting or exceeding these goals to the performance plans of contracting officials and those who oversee them.	OSDBU (CVE)/ OA&MM/HRM
	Add responsibility for meeting or exceeding these goals to the performance plans of appropriate VA Central Office program staff, managers, and executives.	OSDBU (CVE)/ OA&MM/HRM
4.2 To monitor subcontracting plans, require an annual report from VA contracting activities that award FSS contracts, national contracts, VISN contracts or facility open-market contracts.	Require facilities to review annually all contracts with subcontracting plans, and report actual achievements in subcontracting to VO and SDVO small businesses.	VHA Acquisition Board and OA&MM

Goal 4: Develop Appropriate Personnel Performance Standards and Reward Systems to Encourage Achievement of VA's VO and SDVO Small Business Goals.

RECOMMENDATION	ACTION STEPS	RESP. ORG.
4.3 Establish an awards program to honor individuals, offices, and contractors for extraordinary efforts and positive outcomes in achieving VA's VO and SDVO small business goals.	Present annual awards to individuals for extraordinary efforts and positive outcomes in achieving these goals. Supervisors and co-workers may submit nominations.	OSDBU (CVE)/ OA&MM
	Present annual awards to contractors for extraordinary efforts and positive outcomes in achieving VO and SDVO subcontracting goals. VA employees may submit nominations.	OSDBU (CVE)/ OA&MM
	Present a cash award to an individual and/or contracting activity with the highest percentage awards to VO and SDVOB.	OSDBU (CVE)/ OA&MM
	Present a cash award to individuals who have identified and registered the highest number of new VO and SDVO in VA's database.	OSDBU (CVE)/ OA&MM

GOAL 5: Develop Mechanisms to Provide Preferential Procurement Status for VO and SDVO Small Businesses.

RECOMMENDATION	ACTION STEPS	RESP. ORG.
5.1 Obtain 8(a) designation for SDVO small businesses from the Small Business Administration (SBA).	Develop a comprehensive white paper that clearly delineates the rationale for making SDVO small businesses eligible for 8(a) status.	OA&MM/OSDBU (CVE)/OCA
	Develop a marketing plan.	OSDBU (CVE)/ OA&MM/OPA
	Meet with appropriate VSOs to enlist their support.	OSDBU (CVE)/ OA&MM
	Establish staff liaison with the SBA.	OSDBU (CVE)
	Meet with SBA staff elements to communicate rationale for making SDVO small businesses eligible for 8(a) status.	OSDBU (CVE)/ OA&MM
	Arrange meeting between the VA Secretary and SBA Administrator. Obtain SBA's support and commitment to revise and publish the policy.	OSDBU (CVE)

GOAL 5: Develop Mechanisms to Provide Preferential Procurement Status for VO and SDVO Small Businesses.

RECOMMENDATION	ACTION STEPS	RESP. ORG.
5.2 Obtain statutory revision to Title 38 U.S.C. to give VA set-aside authority for VO small businesses.	Develop a legislative package.	OA&MM
	Obtain internal VA concurrence.	OA&MM
	Brief SBA.	OSDBU (CVE)/ OA&MM
	Brief OMB.	OSDBU (CVE)/ OA&MM
	Brief Hill Staff.	OCA/OSDBU (CVE)